**Home Equity Reverse Mortgage Information Technology**

**(HERMIT)**

**HERMIT System Changes – Release 5.41**

**Release Date: 10/21/17**

**Document Date: 10/18/17**

October 2017

Version 1.0

**INTRODUCTION**

The Home Equity Reverse Mortgage Information Technology (HERMIT) software release version 5.41 consists of the changes outlined below. These changes are being made to the requirement for the validation on Closing Costs not exceeding 11% of Sales Price that was released in HERMIT on 9/19/17 and includes a reference to the Case Number Assignment Date per the request from HUD.

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If you have any questions regarding the functionality of the software release, please contact the HERMIT Help Desk at 561-899-2610 or at servicingsupport@hermitsp.com. If you have any policy related questions, please send an email to HUD at answers@hud.gov.

# – Closing Cost cannot exceed 11% of the sales price

For loans with FHA Case # Assignment Date on or after 09/19/17 and claim types 21, 23, and 24, the total closing costs cannot exceed 11% of the “Sales Price”. If the closing cost totals in section 407 and 408 exceed 11% of sales price, a hard stop message will be displayed that reads: “Closing Costs cannot exceed 11% of Sales Price. Please adjust Section 407 and 408 transactions accordingly. Closing Costs total: $X,XX.XX. 11% of Sales Price: $X,XXX.XX. Overage: $X,XXX.XX”.

The 11% closing cost total is cumulative across multiple claims. In other words, section 407 and 408 totals from both the parent claim and the CT 24 Supplemental claim shall be included in the 11% closing cost check.

Example 1: If the parent claim closing costs in section 407 and 408 totaled 11% of sales price then no additional section 407 and 408 charges will be allowed on the CT 24.

Example 2: If the parent claim closing costs in section 407 and 408 totaled 5% of sales price then CT 24 will allow section 407 and 408 charges up to the remaining 6% of sales price.

 Closing costs include the following claim form sections and field descriptions:

|  |
| --- |
| **Section 407 Description** |
| Taxes |
| Water Rates |
| Special Assessments |
| Other |

|  |
| --- |
| **Section 408 Description** |
| Discount Points on FHA/VA Financing |
| Sales Commission |
| Recording Fees |
| Servicing Charge |
| Termite Report |
| Title Insurance |
| Appraisal |
| Other |